

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 AGR-20 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 SWF-02 AID-20 IGA-02 H-03

IO-14 SPC-03 SAM-01 NSC-10 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 SSO-00 NSCE-00 INRE-00 FDRE-00

DRC-01 /176 W

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O R 011430Z MAR 74 ZDG

FM AMCONSUL CURACAO

TO SECSTATE WASHDC IMMEDIATE 1728

INFO AMEMBASSY PORT OF SPAIN

AMEMBASSY THE HAGUE

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EAID, PINT, NA

SUBJECT: WHEAT PURCHASE FOR NA

REF: CURACAO #72; STATE 031066

1. GNA HAS AUTHORIZED CONTINENTAL MILLING COMPANY, LOCAL SUBSIDIARY OF CONTINENTAL GRAIC COMPANY, TO ORDER 4,000 M.T. FOR MID-MARCH DELIVERY. CONTINENTAL QUOTED F.O.B. PRICE DOLS. 243.62 FOR DNS AND DOLS. 232.23 FOR HRW, BUT DELIVERED COST DOLS. 290.78 AND DOLS. 278.38 RESPECTIVELY. ACCORDING GNA THIS PRICE WILL FORCE PRICE OF ONE KITO LOAF BREAD TO RISE ABOUT DOLS. .17 WHICH GNA DEEMS UNACCEPTABLE.

2. RATHER THAN DIRECTLY SUBSIDIZING PRICE OF BREAD, GNA HAS OFFERED LOCAL CONTINENTAL REPRESENTATIVE THREE POSSIBLE METHODS TO LOWER PER TON COST: (A) GNA WILLING TO ANTER IN
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EQUITY PARTICIPATION IN AMOUNT DOLS. 350,000 TO EASE CONTINENTAL'S

CASH POSITION THUS ALLOWING ELIMINATION OF INTEREST COSTS (BO PERCENT FOR NINE MONTH PERIOD) WHICH CONTINENTAL MILLING PLANNING TO BORROW FROM PARENT COMPANY; (B) IN ORDER TO TOZER QUOTED FREIGHT COSTS WHICH ARE INFLUENCED BY RECENTLY INCREASED FUEL PRICES; GNA PREPARED TO ARRANGE FOR FUEL AT PREFERRED RATE TO BE PROVIDED BY SHELL CURACAO. FUEL COULD - DELIVERED BY LOCAL SHELL REFINERY OR ELSEWHERE; IF NECESSARY, THROUGH SWAP ARRANGEMENT; (C) ALSO SUGGESTED BY GNA IS CONTINENTAL SUPPLYING ANTILLES WITH LOWER PRICED WHEAT WHICH THEY HAD PURCHASED FOR FUTURE DELIVERY AT LOWER PRICE.

3. COMMENT: WHILE SUGGESTION IN PARA. 2(C) DEPENDENT ON FACTORS UNKNOWN HERE AND MAY BE CHIMERA, OTHER TWO SUGGESTIONS APPEAR TO CONTAIN POSSIBLY WORKABLE METHODS OF LOWERING DELIVERED WHEAT PRICE IN NA. IN ADDITION GNA NOW STUDYING POSSIBILITY OF TOWER CG LOCAL UTILITY COSTS WHICH DOLS. .50 HIGHER PER TON THAN US LOADING COSTS.

4. ACCORDING TO VIN ECKON KROON, HOWEVER, LOCAL CONTINENTAL REPRESENTATIVE HAS REJECTED GNA SUGGESTIONS IN PAGE. 2 OUT OF HAND. MINISTER KROON OF OPINION THAT TOP MANAGEMENT OF CONTINENTAL GRAIN HAS NOT FULLY CONSIDERED PROPOSALS. HE WISHES TO TRAVEL TO NEW YORK ACCOMPANIED BY CHIEF OF ECONOMIC AND SOCIAL AFFAIRS DEPARTMENT, TH. THYSSEC, TO ATTEMPT CONVINCE CONTINENTAL OF ADVANTAGES GNA'S SUGGESTION AND WOULD APPRECIATE GOOD OFFICES OF DEPARTMENT OF STATE AND DEPARTMENT OF AGRICULTURE IN ARRANGING APPOINTMENT WITH MR. MARCEL FRIBORG OF CONTINENTAL GRAIN IN NEW YORK CITY AT EARLIEST POSSIBLE DATE.

5. ACTION REQUESTED: CONGEN WOULD APPRECIATE PERMANENT ARRANGING APPOINTMENT FOR MINISTER KROON WITH CONTINENTAL GRAIN PRESIDENT AND DETAILS CABLED ASAP. WHILE CONGEN CANNOT JUDGE MERITS OF EITHER SIDE OF QUESTION, MINISTER SHOULD BE ABLE TO DISCUSS THIS AT HIGHEST LEVEL OF COMPANY SINCE MATTER HAS IMPORTANT POLITICAL AND ECONOMIC OVERTONES TO THE NETHERLANDS ANTILLES.
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